

Empirical Study of Rural Banking and its Impact on Farmers in China: A Case Study of Jintang, Sichuan Province

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Abstract

This study attempt to empirically investigate the rural banking and its impact on farmers in China, with much focus on the farmers in Jintang- Sichuan province of China. Research questionnaires weredevelopedand distributed to a sample of 760 farmers and 3 different banks in Jintang. Evidentially from the findings of the study indicates that although the various rural banks in China particularly that of Jintang County are willing to support the farmers with credit facilities, farmers refuse to access the loan because they believe that much information asymmetry with the banks. Regression and SPSS software analysis was the major statistical tool used toanalyzethedatacollectedfrom the ruralbanks and farmers in Jintang were used for the analysis.

Keywords: Loan, rural banks, farmers

1. Introduction

Since the 1990s, there has been a continuous decline in the growth rate of farmers' incomes and the increased income gaps between the rich and the poor and among the urban and rural areas which have introduced a renewed interest and policy debates about China's agricultural and rural development. The new government inaugurated in March 2003 has vowed to give policy priority to supporting agricultural development and rural incomes, and to narrow the income gap between regions, the rich and the poor. The outflows of funds from rural areas channeled through rural financial institutions (RFIs) and the lack of rural credit have been identified as one of the major obstacles to China's rural development (Xiaoshan, 2003). The *Xinhua News Agency* reported recently that large amounts of rural funds have flowed from rural to urban areas, driving an increasing wedge between the demand for and supply of rural credit. Rural credit shortage has been the reason for the slow pace of rural structural adjustment in developed areas of China, making it difficult for farmers to handle large-scale production of vegetables and aquatic products and in agricultural processing and rural farm production. In the major agricultural producing areas and also within the poor areas, the lack of credit from formal financial institutions has given rise to the rapid growth of rural usuries or high- interest rate loans. In a report submitted to the Monetary Policy Committee of the People's Bank of China (PBOC), China's central bank, Wen Tie-Yun (2001) argued that a growing number of the poor in rural China has been

trapped in a debt cycle and been forced to provide labor to moneylenders in exchange for interest repayment. Now there is Ministry of Finance, which control all financial services, credit, and the money supply. Agricultural Bank was formed in the 1950s to assist financial activities of the farmers in the rural areas. The Bank offers financial support to the agricultural sector such as loans, handled state appropriations for agriculture, rural credit cooperatives, and supervisory role of rural financial affairs. Rural credit cooperatives were small, collectively owned savings and lending organizations that were the main source of small-scale financial services at the local level in the countryside. They handled deposits and short-term loans for individual farm families, villages, and cooperative organizations. Subject to the direction of the Agricultural Bank, they followed uniform state banking policies but acted as independent units for accounting purposes. According to Martin (2012), China's banking system has been gradually transformed from a centralized, government-owned and government-controlled provider of loans into an increasingly competitive market in which different types of banks, including several U.S. banks, strive to provide a variety of financial services. Only three banks in China remain fully government-owned; most banks have been transformed into mixed ownership entities in which the central or local government may or may not be a major equity holder in the bank. In China, rural banks refer to those financial institutions approved by China Banking Regulatory Commission, invested by foreign and domestic financial institutions, corporations of non-financial domestic institutions and domestic natural persons, established in rural areas to support local peasants, agriculture and rural economic development. Ever since the implementation of commercial reform in state-owned banks since the 1990s, financial institutions have had large-scale non-agricultural conversion and urbanization and therefore rural credit cooperatives have become the main force in rural finance. However, due to their heavy historical burdens as well as their limited actual agriculture-supporting abilities, it is the rural financial difficulties that have harassed the development of rural economy (Zhang 2007; Liu, 2007). The number of Chinese villagers with access to a bank account has significantly increased over the past three years with government banks making inroads into remote, rural areas of the country. According to the International Business Times (March 31, 2017), a leading Asian Development Bank (ADB) figure has called for more village banks to be set up in China's rural areas to provide farmers with easier access to small loans and the opportunity to deposit savings. China had a total of 1,519 village and town banks at the end of 2016, up from 1,377 in 2015, with combined assets topping 1.24 trillion yuan (about \$180 billion U.S. dollars). These figures indicate increase presence of banks presence in the rural areas of China. However, Chinese farmers are still confronted with teething difficulties such as no crop insurance to protect them against natural disasters coupled with minimal government subsidies. Again, owing to the fact that the farmers do not possess their lands, they cannot use their farmlands as collateral security to access loans and facilities to improve their farming activities. Reliable market forecasts are hard to come by, leaving farmers to speculate about what to plant. Poor roads in many parts of the countryside force farmers to sell their harvests locally or to middlemen who pocket much of the markup paid by city dwellers. In addition, rising costs for labour, seedlings, fertilizers, and fuel which many farmers see their profits squeezed even as retail prices soar. This paper, therefore, seeks to examine the impact of rural banks on farmers in Jintang in the Sichuan Province of China. Specifically, the study attempts:

- i. To assess the importance that rural banks have on farmers at Jintang.
- ii. To ascertain the impact of rural banks on the rural farmers in Jintang.
- iii. To examine whether rural banks do help all category of farmers in Jintang.

2. Hypotheses of the Study

This study seeks to empirically validate or otherwise the following hypotheses:

- I. H_0 : Rural banks are not important to the farmers in Jintang.
- H_1 : Rural banks are important to the farmers in Jintang.

- II. H₀: Rural banks have no significant impact on the livelihood of the rural farmers in Jintang.
H₁: Rural banks have significant impact on the livelihood of the rural farmers in Jintang.
- III. H₀: Rural banks do not help all categories of farmers in Jintang.
H₁: Rural banks help all categories of farmers in Jintang.

3. Review of Related Literature

The study under this section specifically and critically dealt with other studies with regards to the subject matter and these have been discussed in graphic detailed as follows.

According to Dr. Kher (2013), study on the role of rural banks in the development of rural socio-economy, reveals the following as the importance of rural banks. To provide cheap and liberal credit facilities to small and marginal farmers, agriculture, Laborers, artisans, small entrepreneurs and other weaker sections. To save the rural poor from the moneylenders. To act as a catalyst element and thereby accelerate the economic growth in the particular region. To cultivate the banking habits among the rural people and mobilize savings for the economic development of rural areas. To increase employment opportunities by encouraging trade and commerce in rural areas. To encourage entrepreneurship in rural areas. To cater to the needs of the backward areas which are not covered by the other efforts of the Government. This has significant impact on the economy.

Vallabh and Chatrath (2006) with their study, *Role of Banks In Agriculture & Rural Development*, have it that, the rural population in India suffers from a great deal of indebtedness and is subject to exploitation in the credit market due to high interest rates and the lack of convenient access to credit. For that matter, rural households need access to financial institutions that can provide them with credit at lower rates and at reasonable terms than the traditional money-lender and thereby help them avoid debt-traps that are common in rural India. Their study further conclude that To achieve the ambitious average GDP growth of 8% per annum target set in the Tenth Plan, it is important to revitalize and revamp not only the agricultural sector but also rural financial institutions. These results can be likened to the study of Okorie (1991) *Contribution Rural Banking in Nigeria: Empirical evidence of indicative policy variables from Anambra State*. This study used discriminant analysis to determine whether physical proximity of rural bank branches is an important factor in rural people's participation in the banking system. The study after carefully analyzing the data suggested that the current emphasis on the physical distance as a critical factor in rural bank development is excessive, and should give way to a broader and a more comprehensive strategy, which would incorporate and utilize an appropriate mix of policy variables to enhance the effectiveness of rural banks.

3.1 Characteristics of Rural Financial Demands and Actual Financing Issues

Peasants' Financial Demands

There is a disparity among different counties or villages in a country in economic development. For that reason, peasants at different economic levels have various financial needs. A small number of rich peasants are mostly non-agricultural by replacing the traditional agricultural production with new agricultural production like cultivation. Great capital needs and definite plans exist for their capital use and the repayment term and hence small risk. On the other hand, average peasants who take up a large proportion of the total rural population, have financial needs for both agricultural production inputs such as chemicals, seeds etc. and living like children's education, and medical health. Because of cycle and strong seasonality, they mostly turn to their relatives and friends loan repayments punctually if turning to banks. Another small proportion of poor households also have financial demands for medical care, food, housing and so on, which have great risks due to the large amount of capital and the long repayment term. Generally, different types of peasants have high demands for capital to be used in different ways.

SMEs Financial Demands

An important force in promoting China's economic development is the medium and small enterprises which have exerted an essential role in the coordinative development of economic society. Recent data shows that medium and small enterprises take up over 90% of the total in Chengdu, absorbing 75% of the employed population, over 70% of the excessive rural labor force and creating nearly 50% of the total taxes. It is their significant achievements in production and employment that have made them an indispensable force in Chengdu's economy. These enterprises can be grouped into three categories, agricultural materials companies with production, supply and marketing, raw materials bases for rural companies and industrial and mining enterprises. Basically, agricultural companies demand less capital in their establishment and operation while the other two call for either larger a large amount of start-up capital and therefore need huge financial basis.

Rural Governments 'Financial Demands

Rural governments here refer to county governments and administrative village committees. In reality, public materials are often used in renovation and expansion of general rural roads, construction of basic water conservancy works, the construction of drinking water projects are provided by government directly or indirectly. Influenced by the revenue-sharing system in the 1990s, China lacks in perfect financial transfer payment and scientific system of duties and rights as well as local governments, especially those in the western part of the country with great economic pressure, and need strong financial support, according to Sisi Yang, 2010. A survey on some typical regions of Chengdu in 2008 shows that 39.07% of their peasants lay their hope in government to enhance the construction of agricultural production and technology service organizations, in strengthening agricultural production and technology service system; 60.41% of them suffer from great difficulties in getting drinking water for livestock as well as themselves after serious droughts, hoping that government will intensify the construction of rural basic facilities (sisi yang, 2010). Local governments also hope that they could find effective investment and financing channels to guarantee sound agricultural development and to provide necessary public materials.

3.2 Fully State-Owned Banks and Policy

The banking sector in China was previously dominated by four wholly state-owned policy banks, they are Agricultural Bank of China (ABC), the Bank of China (BOC), China Construction Bank (CCB), and the Industrial and Commercial Bank of China (ICBC). several other smaller wholly state-owned policy banks also exist, such as Bank of Communications, China Development Bank (also known as the State Development Bank of China), the Export-Import Bank of China (China Exim Bank), and Huaxia Bank. Starting in 2005, China starts transforming the fully state-owned banks into joint-stock corporations. Only three fully- state-owned banks remain in China, namely the Agricultural Development Bank of China, China Development Bank, and China Exim Bank. China Development Bank is reported to be equitized sometime in the near future, but plans for its initial public offering (IPO) have been on hold for over two years. The three remaining state-owned banks have a distinct or rural mission. The actual mission for Agricultural Development Bank of China (ADB) is to support the development of agriculture and rural development of China. China Development Bank (CDB) traditionally was responsible for raising funds for large infrastructure projects, but over the last few years, the CDB has begun to diversify its portfolio of investments as part of its transition into a commercial bank. The main purpose of China Exim Bank is to provide financial services to promote Chinese exports (particularly of high-tech and new-tech products) and facilitate the import of technologically advanced machinery and equipment. All three banks have a board of directors and senior officers, appointed by China's cabinet, the State Council. All three state-owned commercial banks report directly to the State Council and frequently rely on the State Council's directives in establishing their operational priorities (Martin, 2012).

3.3 Local Banks

In order to effectively handle the local or rural needs of farmers or SMEs, comes the introduction of local banks which the largest among them is “city commercial banks.” Over the years, some provincial and municipal governments established their own banks such as Guangdong Development Bank, Bank of Chengdu and Shanghai Pudong Development Bank. These banks were fully-owned by the local government and are used by the local government to handle locally developed projects and programs. Gradually these Banks have been transformed into joint-stock companies where the local government is the largest shareholder. As of 2009, an average of 18.5% of the shares of city commercial banks was owned by local governments. The majority of the shares were owned by other Chinese banks or corporations, foreign banks, and a restricted amount of bank employees and private investors. The most recent annual report stated that there were 147 “city commercial banks” in China as of the end of 2010, according to the China Banking Regulatory Commission (CBRC). Local banks also include village and township banks, rural commercial banks, rural cooperative banks, and rural credit cooperatives. Starting in 2004, the Chinese government began the process of transforming the rural credit cooperatives into joint-stock companies. The CBRC launched a three-year plan in 2009 to open nearly 1,300 new rural financial institutions, including over 1,000 rural banks, by the end of 2011. In September 2010, the CBRC announced that domestic banks could buy 100% of existing rural credit cooperatives, and private and foreign investors could purchase up to 20%. As of the end of 2010, there were 349 village and township banks, 85 rural commercial banks, 223 rural cooperative banks, and 2,646 rural credit cooperatives in China. By and large, the various rural financial institutions only provide services to China’s rural population.

3.4 The Need for Credit Cooperatives

The restrictions on the uses of rural credit cooperative’s funds have the effect of causing further distortions on rural financial markets. The territorial restrictions have contributed to the higher risk operation of RCCs both in the geographic and industrial risks, and also the high proportion of non-performing loans. Such risks could have been tackled by the small-scale operation of RCCs and the insight information of RCCs on their clients. However, the moral hazard problems and the lack of funds have prevented RCCs from obtaining necessary information on their loan applicants and borrowers. Therefore, the low lending rate and the restrictions on the uses of RCC funds have contributed to the low profitability and high proportion of non-performing loans of RCCs and impaired the capacity of RCCs to provide more credit to rural households and enterprises. The credit demand of farmers are huge, however, the total credit from these non- institutional sources is insufficient to implement rural development programs. The rather disturbing aspect is that according to Enjiang and Zheng (2003), some big financial institution such as ABC has moved their operations and service from county location sighting risk of non-performing loans. They began by setting a relatively high rate of interest for re-deposit from ABC branches in the less developed areas to the provincial ABC at the headquarter, so the branches in poor areas can benefit financially by re-depositing with the ABC above, instead of increasing their lending. Move up the lending authority from the county branches to the provincial Division of ABC and setting direct targets on the total quantity of loans by county branches in the poor and major agricultural areas. It was found in Guizhou that some county Branches were allowed to lend up to ¥ 200,000 commercial loans each year, with a lending authority of ¥ 50,000 for each loan to rural enterprises. Cutting back on township business offices and staff and make the remaining township business offices mainly savings stations. By reducing its rural lending, the ABC has diversified its portfolios and shifted its lending focus into urban and coastal areas and developed its off balance sheet transactions. According to the President of the ABC. W. Zhou (2003) argued that the slow-down of township village enterprise growth, which has contributed to a post-1996 slower growth phase in China, has been closely related to the operation of the rural financial system. For rural

development to proceed at a smooth pace, larger institutional sources of credit need to assist the smaller institutions.

4. Study Methodology

4.1 Research Design

Research design has been categorized into three exploratory, descriptive, and casual. Anytime a research is misunderstood, it is said to be exploratory research design that is adequate. Besides, the key element in exploratory research is mostly the ability to observe, extract information, and make a meaningful explanation (theorizing). With descriptive research, the problem is structured, understood and the key features of descriptive research are; well-structured precise rules and procedures. In casual research, the problems under scrutiny are structured as well. However, in contrast to descriptive research, the researcher is also confident with “cause and effect problems” (Ghauri *et al.*, 1995). Descriptive survey approach is seen as a type of quantitative research, that incorporates a careful description of a phenomenon in question beginning with a theoretical or applied research problem, and ends with empirical measurements and data analysis (Neuman, 2006). Its main purpose is to collect original data for describing or measuring the attitudes and orientation in a large population (Babbie, 2005). This method is relevant for this study in order to establish the relationship between the banks and farmers. This method allows the researcher to ask many questions at one time, measure many variables, and test hypotheses in a single survey.

4.2 Population, Sample Size, and Sampling Techniques of the Study

The population of a study is defined as the elements or people to be studied and from whom data is obtained (Keller and Warrack, 2003). In this paper, samples were drawn from farmers and officials from banks in Jintang in the Sichuan Province of China. The study employed purposive and quota sampling techniques to select seven hundred sixty (760) respondents for the sample size. The quota sampling was used because the researchers wanted to ensure that the different characteristics of the elements or units selected are represented in the sample in the same proportion as in the population. In addition, purposive or judgemental sampling was used because the researchers thought that those selected are the key individuals who can provide the required information for the study. Purposive sampling allowed the researchers to employ his/her own expert judgment about who to include in the sample frame which was based on appropriate characteristics required. To Tongco (2007), a purposive sampling technique is most effective when one needs to study a certain domain with knowledgeable experts within. This sampling type is also applicable to both qualitative and quantitative research techniques.

4.3 Data Sources and Method of Data Collection

Data were collected from both primary and secondary sources for the study. Bliakie (2000) argued that using multiple sources of data reduces the peculiar biases of each one. Primary data consisted the information obtained through the use of interviews and questionnaires. Secondary data comprised of information obtained from related studies, existing literature, and reports of the various banks.

4.4 Data Analysis and Presentation

The data were collected and collated from various sources using various data collection instruments. The questionnaires answered by the respondents were then tabulated and data analyzed by using descriptive, inferential and quantitative analysis techniques such as Statistical Package for Social Sciences (SPSS). Statistical tools such as frequency distribution tables, bar and pie charts were

employed in analyzing the questionnaire while the responses from interviews were presented in the qualitative form.

5. Empirical Study

5.1 Introduction

This section presents the findings, interpretation, and discussion of the study in relation to its objectives; this considers the relationship of the internal control and the quality of government administrative financial reporting in China. This chapter focuses on the analytical interpretation of the biographical data presented by the research participants, such as their genders, age range, educational status, marital status and level of position among others. The data obtained were coded, grouped into tables, analyzed and presented in each table. The results of the data collected and analyzed from the thesis were discussed in this chapter. The chapter summarizes the information gathered from the study in semantic and logical manners. These procedures were designed to collect data, categorize, analyze, and interpret the data as well as discuss the findings that were significant. The following sections below constituted the presentation and analysis of data collected from the questionnaires. The data were grouped in the tables to determine the frequencies or totals, find percentages and other related statistics analysis of their responses.

5.2 Presentation of Biographical Data

Table 5.1: Socio-economic Demographic Characteristics of Respondents

		N	%
Gender	Male	348	45.8
	Female	412	54.2
	Total	760	100.0
Age Distribution	18-25	121	15.9
	26-33	90	11.8
	34-41	188	24.7
	42-49	229	30.1
	50-57	95	12.5
	58 and Above	37	4.9
	Total	760	100.0
Level of Education	Primary	200	26.3
	Secondary	210	27.6
	Tertiary	196	25.8
	Others	154	20.3
	Total	760	100.0
Marital Status	Single	173	22.8
	Married	513	67.5
	Divorced	51	6.7
	Widow	23	3.0
	Total	760	100.0
Occupation	Farming	308	40.5
	Fishing	452	59.5
	Total	760	100.0

Sources: Researcher’s Field Data, 2017

5.1.1 Gender of Respondents

Table 1 gives the statistical evidence of the gender distribution for the study. Apparently, 348 (45.8%) of the respondents were males, while 412 (54.2%) were females. The finding indicates that variably majority of the study respondents are females.

5.1.2 Age Distribution

Table 1 shows that 30.1% majority of the respondents aged between 42 – 49 years, they were closely followed by the age range of 34 – 41 with 24.7%. The table again indicated that 15.9% of the respondents are in the age range of 18 – 25. This was also followed by 50 – 57-year group representing 12.5 percent of the respondents and 90 representing 11.8 percent were respondents between the ages of 26 -33 years and only 4.9% are 58 years and above.

5.1.3 Educational Background of Respondents

The study explored the educational background of respondents and on table 1 above-identified majority of 210 (27.6%) as secondary school leavers. Primary school certificate holders followed closely with 200(26.3%). Respondents with tertiary certificates holders 196(25.8%) each. A minimum of 154(20.3%) of the entire respondents had other types of education.

5.1.4 Marital Status of Respondents

The researchers intended to know the marital status of the respondents as to whether they were singles, married, and divorcees or widow. The study discovered that 513(67.5%) of the respondents indicated that they were married, whilst 173(22.8%) said they are single. The table further indicated that 51(6.7%) are divorced and 23(3.0%) are widows. This clearly shows that majority of the respondents were married. The breakdown of the respondents’ marital status is shown in Table 4.1 above.

5.1.5 Occupation of the Clients

40.5% (308) constituted respondents of who indicated that they are farmers. Out of which 760 respondents interviewed; 59.5% (452) were fishers as well. As to the type of account that the respondents open, it was revealed that, 518 of the respondents representing 68.2% open current account. Another group of 242 respondents also shared their opinion that they have a savings account.

Table 5.2 Showing the type of account

	Frequency	Percent
Current Account	518	68.2
Savings Account	242	31.8
Total	760	100.0

Sources: Researcher’s Field Data, 2017

Concerning if respondents have a bank account, statistics have revealed that most of the respondents do not have a bank account. Specifically, the data showed that 479 of the respondents representing 63% do not have bank account whereas 281 of the respondents representing 37% expressed that they have a bank account. Table 5.3 below presents the result.

Table 5.3: If Respondents have Bank Account

	Frequency	Percent
Yes	281	37.0
No	479	63.0
Total	760	100.0

Sources: Researcher’s Field Data, 2017

Knowing if respondents have applied for a loan before, statistics have indicated that most of the respondents have not applied for a bank loan before. Specifically, the data showed that 457 of the respondents representing 60.1% have not applied for bank loans whereas 303 of the respondents representing 39.9% expressed that they have applied for a loan before. Table 5.4 below presents the result.

Table 5.4: If Applied for loan

	Frequency	Percent
Yes	303	39.9
No	457	60.1
Total	760	100.0

Sources: Researcher’s Field Data, 2017

As to the type of loan applied for, the majority of the respondents indicated that they applied for a mortgage loan. They constitute 422(55.5%) of the sample size and 338 representing 44.5% of the respondents also indicated that they do apply for farm loans.

Table 5.5: Type of loan applied for

	Frequency	Percent
Farm loan	338	44.5
Mortgage loan	422	55.5
Total	760	100.0

Sources: Researcher’s Field Data, 2017

Table 5.6: Importance of Rural Banks among farmers

	95% Confidence Interval		
	Mean	Lower	Upper
The bank provides me with credit when I need it	1.44	1.40	1.47
Interest rate on the credit is flexible for payment	1.57	1.53	1.61
The bank develop varieties of products to meet farmers needs	2.39	2.34	2.44
The activities of the bank influences positively on my farm	2.51	2.41	2.63
The bank provides more information on financial matters	3.02	2.91	3.14

With respect to the importance that rural banks have on farmers in Jingtang, respondents were asked to rate on weighting levels which are strongly agreed, agree, neutral, disagree, and strongly disagree, for each statement. According to the collected data, Frequency count for each attitudinal level, Mean (X) and the confidence interval were analyzed by using SPSS software. The statistical analysis results from Table 5.6 presents that the respondents agreed with the statements: the bank provides them with credit when they need it ($X = 1.44$), Interest rate on the credit is flexible for payment ($X = 1.57$), the bank develop varieties of products to meet farmer’s needs ($X = 2.39$), they further indicated that they will still apply for credit if not for the ad ($X = 3.61$) finally the farmers also indicated that the activities of the bank influences positively on my farm and they disagreed that the bank provides more information on financial matters to farmers ($X = 3.02$). These results were found to be significant at 5% level of significance. Based on the analysis the study concludes that the null hypothesis can be rejected. Hence, rural banks are important to the farmers in Jintang. Finally, the study identified that the use of mobile e-commerce is economically valuable and also increases the ability of the older adults to control their payment details and product information on their own enhance the use of mobile e-commerce in China.

Table 5.7: Impact of Rural Banks on farmers

	95% ConfidenceInterval		
	Mean	Lower	Upper
I derive maximum benefit from my engagement with the bank	1.46	1.42	1.50
Loan duration is flexible	1.47	1.44	1.51
The bank provides additional support for farmers who bank with them	1.43	1.40	1.47

	Mean	95% Confidence Interval	
		Lower	Upper
Terms of payment of loans for the bank is flexible	1.39	1.36	1.43
Overall, I think the bank’s activities have impacted positively on my farming activities	1.42	1.38	1.45

From Table 5.7 above, respondents were asked to rate their views on the impact that rural banks have on farmers in Jingtang on a scale of 1 – 5 starting with strongly agree, agree, neutral, disagree and strongly disagree. Majority of the respondents (M=1.46) were in agreement with the statement that they derive maximum benefit from their engagement with the bank. Also, (M=1.47) agreed to the statement that, Loan duration is flexible. Again, most (M= 1.43) of the respondents indicated that the bank provides additional support for farmers who bank with them. The study further asked if terms of payment of loans from the bank are flexible, in response to this majority of the respondents (M= 1.39) agreed. Finally, the majority of the respondents believed that the bank's activities have impacted positively on their farming activities. It was revealed that these results were found to be significant at 5% level of significance. Based on the analysis the study concludes that the null hypothesis can be rejected. Hence, rural banks have significant impact on the livelihood of the rural farmers in Jintang.

Table 5.8: Banks Response: Agriculture Development Bank

		N	%
Do Farmers borrow from here?	Yes	1	100
	No	-	-
	Total	1	100
Willingly give out a loan?	Yes	1	100
	No	-	-
	Total	1	100
If no why?	Yes	-	-
	No	1	100
	Total	1	100
Any other comment?	Yes	-	-
	No	1	100
	Total	1	100
Loan Preparation	1 day	1	100
	2 days	-	-
	3 to 5 days	-	-
	Total	1	100
Types of loan to farmers	Agric Loan	1	100
	Total	1	100
Any problems you have with the farmers	Meet requirement	-	-
	Don't meet requirement	1	100
	Overdue	-	-
	Total	1	100

Source: Field Survey, 2017

Under this section, the researcher wanted to find out the respondent’s response to loan issues such as whether there are any problems the bank have with the farmers. The researcher asked if farmers do borrow from Agriculture Development Bank (ADB). Evidence from the data gathered portrayed that farmers do not borrow from ADB. It was indicated that ADB is 100% willing to give out a loan to farmers on request. As to whether there are any comments that ADB will be willing to share with the researcher, the response indicated that they were no other necessary comments. The researcher further decided to investigate the number of days it takes to process a loan by ADB. It was revealed that ADB prepares its loans within one working day. Again it was deduced that the main type of loans

available to farmers from ADB is Agric loan. Finally, the researcher investigated problems that ADB confronts the farmers. Evidence, from the data, gathered shows that, the major problem ADB have with farmers are the necessary requirements needed for processing the loans demanded by these farmers. Refer to details of the interpretation to **Table 5.8**.

Table 5.9: Bank of Chengdu

		N	%
Do Farmers borrow from here?	Yes	-	-
	No	1	100
	Total	1	100
Willingly give out a loan?	Yes	1	100
	No	-	-
	Total	1	100
If no why?	Yes	-	-
	No	1	100
	Total	1	100
Any other comment?	Yes	-	-
	No	1	100
	Total	1	100
Loan Preparation	1 day	1	100
	2 days	-	-
	3 to 5 days	-	-
	Total	1	100
Types of loan to farmers	Agric Loan	1	100
	Total	1	100
Any problems you have with the farmers	Meet requirement	-	-
	Don't meet requirement	-	-
	Overdue	1	100
	Total	1	100

Source: Field Survey, 2017

With the case of Bank of Chengdu, the researcher ascertains loan processing issues and if there are any problems the bank encounter with farmers. With respect to this objective, the researcher asked if farmers do borrow from Bank of Chengdu. Evidence from Table 5.9 portrayed that farmers do not borrow from Bank of Chengdu. It was, however, indicated that Bank of Chengdu is 100% willing to give out a loan to farmers on request. As to whether there are any comments that Bank of Chengdu will like to share with the researcher with regards to loan demands, the response indicated that they were no further comments. The researcher further asked the number of days it takes to process a loan by Bank of Chengdu. It was revealed that Bank of Chengdu prepares its loans within one working day which is not different from that of Agriculture Development Bank. Again it was deduced that the main type of loans available to farmers from Bank of Chengdu is Agric loan. Finally, the researcher investigated problems that Bank of Chengdu encounters with farmers. Evidence, from the data gathered, indicates that the major problem that Bank of Chengdu has with farmers are overdue of loans by these farmers. Refer to details of the interpretation to **Table 5.9**.

Table 5.10: Jingtang Cooperative Bank

		N	%
Do Farmers borrow from here?	Yes	-	-
	No	1	100
	Total	1	100
Willingly give out a loan?	Yes	1	100
	No	-	-
	Total	1	100

If no why?	Yes	-	-
	No	1	100
	Total	1	100
Any other comment?	Yes	-	-
	No	1	100
	Total	1	100
Loan Preparation	1 day	-	-
	2 days	1	100
	3 to 5 days	-	-
	Total	1	100
Types of loan to farmers	Agric Loan	1	100
	Total	1	100
Any problems you have with the farmers	Meet requirement	-	-
	Don't meet requirement	1	100
	Overdue	-	-
	Total	1	100

Source: Field Survey, 2017

For Jingtang Cooperative Bank, the researcher investigates the loan processing issues and then tried to find out if there are any problems the bank encounter with farmers. With this objective, the researcher asked if farmers do borrow from Jingtang Cooperative Bank. Evidence from Table 5.9 reveals that farmers do not borrow from Jingtang Cooperative Bank. It was, however, indicated that Jingtang Cooperative Bank is 100% willing to give out a loan to farmers on request. As to whether there are any comments that Jingtang Cooperative Bank will like to share with the researcher with regards to loan demands, the response indicated that they were no further comments. The researcher further asked the number of days it takes to process a loan by Jingtang Cooperative Bank. It was revealed that Jingtang Cooperative Bank prepares its loans within two working days which is different from that of Agriculture Development Bank and Bank of Chengdu. Again it was deduced that the main type of loans available to farmers from Jingtang Cooperative Bank is Agric loan. Finally, the researcher investigated problems that Jingtang Cooperative Bank encounters with farmers. Evidence, from the data, gathered shows that, the major problem that Jingtang Cooperative Bank has with the farmers are the necessary requirements needed for processing the loans demanded by these farmers. This implies that Jingtang Cooperative Bank has a similar problem with that of Agricultural Development Bank. Refer to details of the interpretation to **Table 5.10**.

6. Conclusion and Recommendation

The findings of this study indicate that evidentially, although the various rural banks in China particularly that of Jintang County are willing to support the farmers with credit facilities, farmers refuse to go for the loan simply because farmers believe that there is information asymmetry with the banks. Furthermore, the impact level of banks on the farmer in Jintang County is low among the farmers with the major problem confronting the banks being the necessary requirements to access the loan as a big issue. Moreover, government should ensure that all the banks in the urban areas also have a branch in the rural areas with the aim of making banking easily accessible to the farmers with additional credit unions or cooperative be set up in the communities. There should also be more co-operation between the financial institutions and farmers. Finally, the banks should be able to educate and explain to the farmer's, details about their loan policies and the farmers should also use the loan purposely for the farming.

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